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SUBJECT: SCENESSETTER FOR FEBRUARY 29-MARCH 3 VISIT OF LABOR
SECRETARY CHAO AND CONGRESSIONAL DELEGATION TO COLOMBIA

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Summary

11. (U) Your visit to Medellin comes at a crucial time in our relations with Colombia. Labor issues have moved to the center of our relations and form the heart of the debate on a Trade Promotion Agreement with Colombia. Colombia finds itself safer, economically stronger, better governed and more democratic than it has been in decades. Rates of murder, kidnapping, and violence nationwide, including against union members, have fallen dramatically. Increased security has led to an economic boom that has reduced poverty by 20 percent since 2002, lowered unemployment 25 percent, and attracted record levels of investment. More than 40,000 combatants, mostly paramilitaries, have laid down their arms and are participating in GOC reintegration programs. Desertions among the Revolutionary Armed Forces of Colombia (FARC) increased in 2007.

12. (SBU) Nevertheless, Colombia remains a work in progress. Consolidating recent gains and making further advances on human rights, security, and poverty reduction--while also managing increasingly tense relations with Venezuelan President Hugo Chavez--represent the greatest challenges for the remaining 2.5 years of the Uribe Administration. Our continued commitment to Colombia--through approval of the U.S.-Colombia Trade Promotion Act (CTPA) and support for Plan Colombia--will help lock in Colombia's democratic security gains, promote regional stability, and contribute to a Colombia that provides security and opportunity to all its citizens. End Summary.

CTPA Solidifies Advances:
Investment, Poverty, and Security

13. (U) President Uribe's democratic security policy and free market economic reforms have spurred the economy. GDP growth approached seven percent in 2007 after averaging more than five percent annually since 2003. Colombia's trade volume grew more than 65 percent in the same period. The United States remains Colombia's largest trade partner (approximately 40 percent of exports and 26 percent of imports), though Colombia's trade with Venezuela has soared in the last two years, and Colombia could shift to greater agricultural imports from Canada and the European Union when free trade negotiations with them conclude in 2008. Nearly 93 percent of Colombia's exports already receive duty-free access to the U.S. under the Andean Trade Preferences Act (ATPA),

which expires February 29, 2008, while U.S. exports to Colombia face an average tariff of 12.5 percent. Investors from around the world boosting investment in Colombia in anticipation of the CTPA. In 2007, Foreign Direct Investment (FDI) exceeded \$7.5 billion, 350 percent greater than FDI in 2002.

¶4. (SBU) The Colombian Congress ratified the CTPA in 2007 by a substantial margin, and it remains the Colombian government's highest economic priority. Delays in U.S. approval or rejection of the accord would deal severe political and economic blow to Uribe and his policy of strengthened ties with the United States -- especially given recent tensions with Venezuela's President Hugo Chavez. Colombia's second largest trading partner, Venezuela, has already begun commercial retaliation over Uribe's decision to end Chavez' formal facilitator role in a humanitarian exchange with the FARC. Venezuela has restricted automobile imports from Colombia and deployed troops to the border to stop unofficial cross border trade.

¶5. (U) Analysts estimate the agreement with the United States would add between one and two percent annual GDP growth to the local Colombian economy. This growth would add the new jobs in the formal sector employment that Uribe needs to meet his goal of cutting the poverty rate from 45 percent to 35 percent by 2010. Trade-based formal sector growth will also provide the GOC with additional fiscal resources to shoulder a larger portion of its security costs as USG Plan Colombia support falls.

Continued Progress on Labor Rights

¶6. (U) In response to concerns identified by the International Labor Organization (ILO), the GOC has introduced bills in Congress that would bring Colombia's labor laws closer to ILO

standards. The proposed legislation would: transfer authority for declaring strikes from the executive to independent labor judges; make binding arbitration an option rather than a mandatory process after a strike has lasted 60 days; require workers' cooperatives to pay into the social security system and benefits programs; and levy heftier fines for cooperatives that do not comply with current laws. The GOC has made the bills' passage a top priority in a special legislative session, which began this month, with approval expected in April.

Labor Violence

¶7. (U) Labor violence and impunity remain major concerns, with the government making greater progress than is regularly reported. Since 2002, labor union data demonstrates that murders of unionists for political reasons or common crime have fallen more than 75 percent. A resident International Labor Organization (ILO) representative arrived in Colombia in January 2007 to help implement the tripartite agreement committing the GOC to provide \$4 million to finance the ILO Special Technical Cooperation program and to provide \$1.5 million a year to the Prosecutor General's Office (Fiscalia). The Fiscalia operates as an independent agency responsible for prosecuting cases of violence against trade unionists. The additional funding enabled the Fiscalia to create a special sub-unit with nearly 100 prosecutors and investigators to investigate 187 priority cases. Since 2001, the Fiscalia has resolved 56 cases of labor violence, leading to 118 convictions. For 2008, the Fiscalia has received an additional \$40 million in GOC funds that has allowed it to add 1,072 new positions, including 175 prosecutors and 200 investigators.

¶8. (U) In addition to gains stemming from its democratic security policy, the GOC has taken specific steps to protect labor leaders and other vulnerable individuals. In 2007, the Ministry of Interior and Justice's \$34 million Protection Program helped protect more than 6,900 human rights

activists, journalists, politicians, and other threatened individuals, including 1720 trade unionists. The murder rate for unionists is now lower than that for the general population.

Pro-CTPA Unions Work to Support Agreement

¶9. The three main Colombian labor confederations -- whose members largely come from the public sector unions -- oppose the CTPA, fearing that it will cost Colombian workers jobs. However, a substantial number of private sector based unions support the CTPA, believing it will foster economic growth and FDI in Colombia. On February 14, representatives from over 60 unions who support the CTPA proposed forming a new labor group (central) as an alternative to the three main labor confederations that oppose the CTPA. The 60 unions -- which represent more than 45,000 workers -- said the existing confederations do not represent all members' interests. They plan to lobby for permanent access to U.S. markets and better workers' benefits. Leaders of the three existing confederations dismissed the group, saying there was "no room" in Colombia for another labor central. The pro-CTPA group expects its central will include members from unions and other labor federations, as well as individual workers. The organizers hope to form the labor central by August.

Democratic Security

¶10. (U) The establishment of greater Colombian government territorial control and the paramilitary demobilization have created the space for civil society and political parties to operate more openly than ever before. The GOC maintains a police presence in all 1099 municipalities for the first time in history. Increased security of roads and highways have allowed for greater freedom of movement for people and commerce. Murders fell from over 29,000 in 2002 to less than 17,000 in 2007, and kidnappings fell from over

2800 a year to less than 600 during the same period. Local elections in October 2007 reflected the improved security with over 86,000 candidates participating. The leftist Polo Democratico Party (PDA) won 1.2 million more votes than in 2003, and its candidate won the key Bogota mayoral race.

Human Rights Record

¶11. (SBU) The Uribe Administration continues to make progress on human rights cases involving military abuse or collaboration with paramilitaries. All members of the military and police receive mandatory human rights training. In October 2006, Defense Minister Santos named the first civilian -- and the first woman -- as director of the Military Criminal Justice System. Santos has strongly backed initiatives to deter extrajudicial killings, changing promotion criteria to favor demobilization or capture of illegal fighters and ordering military personnel to facilitate civilian investigations of all combat deaths. Human rights groups allege that security forces committed 955 extrajudicial killings over the last five years.

¶12. (U) The Fiscalia has made advances in prosecuting military personnel alleged to have committed human rights abuses. In August 2007, a court convicted three military personnel for the murder of three unionists in Arauca in ¶2004. In November 2007, the Fiscalia ordered the detention of Army Captain Guillermo Gordillo for his participation in the massacre of eight civilians near San Jose de Apartado in February 2005. The Fiscalia has set up a special prosecutorial team to investigate cases of alleged extrajudicial killings.

U.S. Assistance

¶13. (SBU) In January 2007 the GOC government presented a Plan Colombia "consolidation strategy" pledging a Colombian investment of \$78 billion through 2013. The proposal emphasizes the importance of building social cohesion, assigning substantial resources to help strengthen local governance, protect human rights, and help displaced people, Afro-Colombians, and indigenous communities. It also aims to reintegrate more than 45,000 demobilized ex-fighters and deserters and to promote Colombia's licit exports. The GOC seeks funding from the United States and European countries to complement its own resources.

¶14. (SBU) Under Plan Colombia, the USG has provided more than \$5 billion in assistance, including \$800 million in economic and social assistance. USG security assistance combats drug trafficking and terrorism through training, equipment, and technical assistance. It supports Colombian military aviation, essential for all programs - civilian or military - outside Colombia's major cities. U.S. social and economic aid focuses on alternative development, displaced and other vulnerable communities, human rights and democratic institutions, and reintegration of demobilized fighters.

Drug Eradication and Interdiction

¶15. (SBU) Eradication of coca and poppy crops and interdiction of cocaine and heroin reached near-record levels in 2007. President Uribe supports greater manual eradication, but understands that manual eradication cannot replace aerial eradication without a sharp increase in spending. He seeks a complementary approach using both methods. In 2007, the National Police and military forces seized almost 150 metric tons of cocaine and coca base, and destroyed 200 cocaine laboratories. We continue to work with the Colombian government to refine our eradication strategy and determine how best to transfer key tasks from the USG to the GOC.

Extradition

¶16. (SBU) Since taking office, President Uribe has approved over 614 extraditions to the United States, including a record number of 164 in 2007. Among those extradited in 2007 were 11 members of the FARC and three members of the United Self Defense Forces of Colombia (AUC).

Demobilization and Peace Process

¶17. (SBU) Over 32,000 former paramilitaries have demobilized since 2002, and a further 14,000 have deserted from other illegal armed groups (about one-half from the FARC). The OAS estimates there are 30 emerging criminal groups with a combined membership of over 3000 persons. Reintegration programs and targeted law enforcement are working to counter these groups. Under the Justice and Peace Law (JPL) process, over 50 former paramilitary leaders have been jailed, and many have confessed their participation in violent crimes. To date, the JPL process has revealed the location of the graves of almost 1200 paramilitary victims and provided information on 3600 crimes. Almost 100,000 victims have registered under the JPL, with the GOC working on measures to accelerate the payment of reparations. The Supreme Court and the Fiscalia--with GOC support--continue to investigate politicians with alleged paramilitary ties. Fifty-two Congressmen, 19 mayors and 11 governors have been implicated in the scandal.

¶18. (SBU) The National Liberation Army (ELN) has negotiated with the Colombian government for over two years on a cease-fire agreement, but ELN infighting and FARC pressure have prevented a deal. The ELN kidnap civilians to fund its operations, but its military capability is declining. The FARC has rebuffed GOC initiatives to engage in any meaningful peace talks, and killed eleven state legislators held hostage in July 2007. The GOC authorized Venezuelan President Chavez to facilitate peace talks between the Colombian government and the FARC and ELN in late August 2007, but subsequently suspended his role after Chavez intervened in Colombia's internal politics. The GOC issued a communique in January 2008 urging Chavez to "stop his aggression towards Colombia" after Chavez proposed that the international community grant the FARC "belligerent status" and remove the group from worldwide terrorism lists. Chavez subsequently announced the militarization of Venezuela's 2200 kilometer border with Colombia.

U.S. Hostages

¶19. (SBU) The three U.S. contractors captured by the FARC in February 2003 are the longest held U.S. hostages in the world. A November 2007 video seized by the GOC from a FARC urban cell showed proof-of-life of the three Americans. Their safe release remains a top priority. A February 26 FARC communique referred to the three Americans as "spies" and threatened to hold them for 60 years in retaliation for the U.S. conviction and sentencing of FARC Commander Simon Trinidad. President Uribe has assured us that any humanitarian exchange will include the U.S. hostages. In January, the Colombian Government authorized the International Committee of the Red Cross (ICRC) -- working with Venezuela -- to recover two FARC-held hostages. The FARC released four additional Colombian hostages on February 27, again working with the ICRC and Venezuelan Government.

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